

General Council
15, 16 and 18 December 2003

Original: English

UNITED STATES – CARIBBEAN BASIN ECONOMIC RECOVERY ACT

Report of the Government of the United States
for the Year 2003 under the Decision of 15 November 1995¹

The following communication, dated 2 December 2003, has been received from the Permanent Mission of the United States.

1. Introduction

1. On 15 November 1995, the United States was granted a renewal of the waiver (WT/L/104) of its obligations under paragraph 1 of Article I of the GATT 1994 to the extent necessary to permit the United States Government to provide duty free treatment to eligible products of the Caribbean Basin countries and territories as authorized by the provisions of Caribbean Basin Economic Recovery Act (CBERA) without being required to extend the same duty-free treatment to like products of any other Member. This waiver was extended until 31 December 2005.

2. Under the terms of this waiver, the United States is required to submit to the General Council an annual report on the implementation of the trade-related provisions of the CBERA with a view to facilitating the annual review provided for in paragraph 4 of Article IX of the WTO Agreement. This report covers calendar year 2003. Trade data has been provided for calendar year 2002, the most recent time period for which full year data are available.

2. Duty Free Treatment under the CBERA

3. Section 211 of the CBERA allows the President of the United States to eliminate duties on all products, with certain exceptions,² from those Caribbean countries and territories that he designates as beneficiaries. There are 28 countries or territories eligible for CBERA benefits. Presently, 24 countries and territories have requested to receive CBERA benefits; all of these are receiving benefits. These countries and territories are: Antigua and Barbuda, Aruba, The Bahamas, Barbados,

¹ WT/L/104.

² Prior to enactment of the United States-Caribbean Basin Trade Partnership Act (CBTPA) in 2000, the products excluded from duty free treatment were: textile and apparel articles which are subject to textile agreements; certain footwear which was not eligible for duty free entry under the US Generalized System of Preferences in 1983; prepared tuna in airtight containers; petroleum and petroleum products; watches and watch parts if such products contain any material from countries not accorded MFN treatment; and certain leather products (handbags, luggage, flat goods, work gloves, and leatherwearing apparel). Many of these excluded products became eligible for preferential treatment under CBTPA, Title II of the Trade and Development Act of 2000, which amended the CBERA. The Trade Act of 2002 further amended the CBERA.

Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. There has been no change in the list of beneficiaries since 1990.

3. CBERA Performance

4. The CBERA program has helped beneficiaries diversify their exports. On a region-wide basis, this export diversification has led to a more balanced production and export base and has resulted in a reduction in the region's vulnerability to fluctuations in markets for traditional products.

5. Since 1983, the year prior to the implementation of the CBI, total CBI country non-petroleum exports to the United States have more than tripled. The generally steady rise in US trade with the CBERA countries and territories has mirrored the increase in US trade worldwide. Since 1996, US imports from CBERA countries have consistently accounted for 1.8 per cent of total US imports.

6. US imports from CBERA countries and territories traditionally have consisted of agricultural products, raw materials, and their derivatives; namely, petroleum products, sugar cane, coffee, cocoa, bananas, and aluminium ores and concentrates. The deterioration in the terms of trade for these export items and their pursuit of faster economic growth prompted CBERA countries and territories to seek diversification in their export profiles. The encouragement of such diversification of the Caribbean Basin economies was one of the intended goals of the United States in implementing the CBERA program.

7. Light manufactures, principally printed circuit assemblies and apparel, but also medical instruments and chemicals, account for an increasing share of US imports from the region and constitute the fastest growing sectors for new investment in CBERA countries and territories. However, traditional agricultural and raw material products continue to play a significant role in the region's economies.

8. The CBTPA, effective 1 October 2000, enhanced CBERA benefits by authorizing preferential tariff treatment for certain qualifying apparel articles. The CBTPA also extended NAFTA-equivalent duty treatment to a number of products previously excluded from the CBERA, including certain tuna, petroleum products, certain footwear, and some watches and watch parts. The Trade Act of 2002, passed on 6 August 2002, further amended the CBERA to expand the type and quantity of textile and apparel articles eligible for the preferential tariff treatment accorded to designated beneficiary CBTPA countries. Among other benefits, the Trade Act of 2002 expands the duty-free treatment available for clothing made in beneficiary countries from US and regional inputs, and increases the quantity of clothing made from regional inputs that regional producers can ship duty-free to the United States annually.

9. Apparel continues to constitute one of the fastest growing categories of imports from the CBERA countries and territories--growing from just 5.5 per cent of total US imports from the region in 1984, to nearly 61 per cent in 2002, valued at over US\$9.7 billion. Apparel has ranked as the leading category of US imports from the region since 1988.

10. Total US imports (preferential and non-preferential imports combined) from CBERA countries remained steady during 2002. However, imports in the preferential portion—those under CBERA including CBTPA—rose sharply, as shown in Table 1, reflecting the expansion of CBERA benefits to include certain types of apparel. Total US imports from CBERA beneficiary countries amounted to \$21.3 billion in 2002. Of this amount, \$10 billion, or 47 per cent, entered under CBERA (including CBTPA) preferences. In comparison, CBERA accounted for 13 per cent of the total in 2000.

11. In 2002, the Dominican Republic continued to lead all countries in taking advantage of CBERA, as they have done in virtually every year since the program became effective, accounting for almost 27 per cent of US imports under the CBERA provisions. Honduras continued to be the second largest user with 20 per cent of the share, the same as 2001. Costa Rica, El Salvador, Trinidad and Tobago, and Guatemala round out the leading users of the program, accounting for a combined 43 per cent of the share.

12. Statistical annexes are provided to present a detailed description of the trade aspects of the CBI program for the most recent period. Detailed information for previous years has been provided in previous reports to the GATT Council or WTO General Council.

Table 1 provides summary information on US imports for consumption under CBERA provisions during the period 1984, 1988, 1992, 1996, 2000, and 2002.

Table 2 provides information on leading US imports, by product, from CBERA countries during 2000 – 2002.

Table 3 provides information on US trade with CBERA countries during 1980 through 2002.

TABLE 1
US Imports for Consumption under the CBERA Provisions, by Sources, 1984, 1988, 1992, 1996, 2000, and 2002¹

Source	1984	1988	1992	1996	2000	2002
<i>Value (1,000 dollars)</i>						
Dominican Republic	222,462	248,819	567,738	932,413	852,294	2,679,273
Honduras	60,198	57,608	112,512	207,289	252,149	1,989,774
Trinidad & Tobago	6,422	42,228	44,695	184,895	327,917	1,167,358
Costa Rica	65,756	153,417	294,937	657,127	617,075	1,154,499
El Salvador	71,986	22,485	27,249	91,254	71,565	1,144,089
Guatemala	43,442	85,326	192,955	279,768	264,630	1,044,159
Nicaragua ²	-	-	40,018	116,007	57,555	212,827
Jamaica	44,737	42,215	48,156	95,965	89,459	194,036
Haiti	21,856	83,933	19,151	30,223	25,160	176,509
The Bahamas ³	-	12,013	93,324	20,765	74,451	70,881
Belize	4,621	19,180	23,733	24,760	32,360	42,834
Panama ⁴	11,787	18,241	23,753	51,352	42,639	41,551
St. Kitts and Nevis	6,757	9,417	14,172	19,241	27,613	27,305
Guyana ⁵	-	131	1,202	32,285	17,143	21,828
Barbados	13,376	19,125	15,478	23,089	10,441	12,357
St. Lucia	1,413	3,007	3,957	7,129	7,471	7,980
St. Vincent and Grenadines	55	9,990	165	3,580	1,947	5,514
Netherlands Antilles	2,504	2,917	2,964	4,357	3,624	3,089
Dominica	9	358	1,008	2,204	196	374
British Virgin Islands	207	56	68	631	31	66
Antigua Barbuda	114	255	324	1,615	4	43
Grenada	2	120	1,081	1,007	16,702	37
Aruba ⁶	-	-	10	138	128	23
Montserrat	-	118	41	3,962	0	0
Total:	577,704	830,958	1,528,690	2,791,055	2,792,553	9,996,406

Refer to footnotes at end of table.

TABLE 1—CONTINUED
US Imports for Consumption under the CBERA provisions, by sources, 1984, 1988, 1992, 1996, 2000, and 2002¹

Source	1984	1988	1992	1996	2000	2002
<i>Per cent</i>						
Dominican Republic	38.51	29.94	37.14	33.41	30.52	26.80
Honduras	10.42	6.93	7.36	7.43	9.03	19.90
Trinidad & Tobago	1.11	5.08	2.92	6.62	11.74	11.68
Costa Rica	11.38	18.46	19.29	23.54	22.10	11.55
El Salvador	12.46	2.71	1.78	3.27	2.56	11.45
Guatemala	7.52	10.27	12.62	10.02	9.48	10.45
Nicaragua ²	-	-	2.62	4.16	2.06	2.13
Jamaica	7.74	5.08	3.15	3.44	3.20	1.94
Haiti	3.78	10.10	1.25	1.08	.90	1.77
The Bahamas ³	-	1.45	6.10	.74	2.67	.71
Belize	.80	2.31	1.55	.89	1.16	.43
Panama ⁴	2.04	2.20	1.55	1.84	1.53	.42
St Kitts and Nevis	1.17	1.13	.93	.69	.99	.27
Guyana ⁵	-	.02	.08	1.16	.61	.22
Barbados	2.32	2.30	1.01	.83	.37	.12
St Lucia	.24	.36	.26	.26	.27	.08
St Vincent and Grenadines	.01	1.20	.01	.13	.07	.06
Netherlands Antilles	.43	.35	.19	.16	.13	.03
Dominica	-	.04	.07	.08	.01	-
British Virgin Islands	.04	.01	-	.02	-	-
Antigua Barbuda	.02	.03	.02	.06	-	-
Grenada	-	.01	.07	.04	.60	-
Aruba ⁶	-	.00	-	-	-	-
Montserrat	-	.01	-	.14	-	0.0
Total:	100.00	100.00	100.00	100.00	100.00	100.0

Note: Because of rounding, figures may not add to totals given.

Source: Compiled from official statistics of the US Department of Commerce.

¹ Beginning in the year 2000, data includes US imports under the CBTPA.

² Nicaragua was designated as a CBERA beneficiary effective 13 November 1990 (Presidential Proclamation 6223, 8 November 1990).

³ The Bahamas became a CBERA beneficiary effective 14 March 1985 (Presidential proclamation 5308, 14 March 1985).

⁴ Panama was suspended as a CBERA beneficiary on 9 April 1988 (Presidential Proclamation 5779, 23 March 1988). It was reinstated 17 March 1990 (Presidential Proclamation 6103, 28 February 1990).

⁵ Guyana was added to the list of CBERA beneficiaries on 24 November 1988 (Presidential Proclamation 5909, 18 November 1988).

⁶ Upon independence from the Netherlands Antilles, Aruba was designated as a CBERA beneficiary, effective 1 January 1986 (Presidential Proclamation 5458, 11 April 1986).

TABLE 2

Leading US Imports for Consumption from CBERA Countries, 2000 - 2002

HTS	Description	2000	2001	2002	Change 2001-2002
		Value (1,000 dollars)			Per cent
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesi	1,212,444	1,294,129	1,360,159	5.1
6109.10.00	Tshirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	1,242,870	1,152,243	1,265,181	9.8
6203.42.40	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	1,063,228	1,038,036	1,104,575	6.4
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	0	0	662,630	-
9018.90.80	Instruments and appliances used in medical, surgical, dental or veterinary sciences, nesi, and parts and accessories thereof	512,102	607,693	658,178	8.3
0803.00.20	Bananas, fresh or dried	588,172	659,165	622,440	-5.6
2709.00.20	Petroleum oils and oils from bituminous materials, crude, testing at 25 degrees A.P.I. or more	216,351	338,984	609,840	79.9
2711.11.00	Natural gas, liquefied	326,988	485,785	565,947	16.5
2710.19.10	Distillate and residual fuel oil (including blends) derived from petroleum oils or oil of bituminous minerals, testing 25 degrees A.P.I. or more	0	0	508,920	-
6204.62.40	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesi	595,107	529,201	494,643	-6.2
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton	376,416	378,035	466,815	23.5
8542.21.80	Electronic monolithic digital integrated circuits, nesi	0	0	439,655	-
6212.10.90	Brassieres, not containing lace, net or embroidery, containing under 70% by wt of silk or silk waste, whether or not knitted or crocheted	333,419	316,308	395,460	25
0901.11.00	Coffee, not roasted, not decaffeinated	701,873	364,349	353,010	-3.1
2814.10.00	Anhydrous ammonia	331,972	386,071	312,255	-19.1
6203.43.40	Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c	265,247	298,863	311,032	4.1
6108.21.00	Women's or girl's briefs and panties, knitted or crocheted of cotton	307,727	265,234	273,805	3.2
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesi	171,112	204,844	256,151	25
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	337,115	315,877	252,170	-20.2
2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	239,401	228,557	244,519	7
Total of items shown:		8,821,545	8,863,375	11,159,386	25.9
Total all commodities:		22,161,075	20,678,868	21,254,828	2.8

Note: Because of rounding, figures may not add to totals shown. The abbreviation "nesi" stands for "not elsewhere specified or otherwise included".

Source: Compiled from official statistics of the us department of commerce.

TABLE 3

US Trade with CBERA Countries, 1980-2002

Year	US exports ⁷	Share of US exports to the world	US imports ⁸	Share of US imports from the world	US trade balance
	<i>Million dollars</i>	<i>Per cent</i>	<i>Million dollars</i>	<i>Per cent</i>	<i>Million dollars</i>
1980	5,930.2	2.7	10,193.9	4.2	-4,263.8
1981	6,293.3	2.7	9,711.5	3.7	-3,418.1
1982	6,131.9	2.9	7,029	3.3	-1,797.2
1983	5,666.7	2.8	8,930.2	3.5	-3,263.6
1984	6,111.3	2.8	8,781.7	2.7	-2,670.4
1985	5,827.7	2.7	6,774.2	2	-946.6
1986	6,114.3	2.8	6,128.7	1.7	-14.5
1987	6,731.2	2.8	6,099.1	1.5	632.1
1988	7,427.8	2.4	6,062.2	1.4	1,365.7
1989	8,786.6	2.5	6,895.8	1.5	1,890.8
1990	9,307.1	2.5	7,525.2	1.5	1,781.9
1991	9,885.5	2.5	8,229.4	1.7	1,656.2
1992	10,901.7	2.6	9,425.6	1.8	1,476.1
1993	11,941.9	2.7	10,094	1.8	1,847.9
1994	12,822	2.7	11,200.3	1.7	1,621.7
1995	14,870.3	2.7	12,550.1	1.7	2,320.2
1996	15,374.7	2.6	14,544.8	1.8	829.9
1997	17,807.9	2.8	16,572.4	1.9	1,235.4
1998	19,200.1	3	17,124.3	1.9	2,075.8
1999	19,029.6	3	19,364.8	1.9	-335.2
2000	20,727.9	2.9	22,161.1	1.8	-1,433.1
2001	20,117.1	3.0	20,678.9	1.8	-561.8
2002	20,705.5	3.3	21,254.8	1.8	-552.3

Source: Compiled from official statistics of the US Department of Commerce.

⁷ Domestic exports, f.a.s. basis.

⁸ Imports for consumption, customs value.